

Message Text

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17 15

ORIGIN EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 GSA-02 SPC-03 AID-20

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 L-03 H-03 INT-08 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 DODE-00 PA-04

USIA-15 PRS-01 /194 R

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ARA/EP:MFRECHETTE (SUBS)

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R 161917Z OCT 73

FM SECSTATE WASHDC

TO AMEMBASSY PARIS

INFO AMEMBASSY LIMA

UNCLAS STATE 204863

E.O. 11652:N/A

TAGS: PFOR, EMIN, PE

SUBJECT: PERUVIAN REQUEST FOR U.S. POSITION ON SALE OF
STRATEGIC RESERVE COPPER AND CERRO DE PASCO
NEGOTIATIONS

REF: PARIS 26383

1. GENERAL SERVICES ADMINISTRATION (GSA) IS NOT NOW
AUTHORIZED TO SELL COPPER OR COPPER ALLOYS HELD IN
STRATEGIC STOCKPILE. CURRENT US STOCKPILE OF COPPER AND
COPPER ALLOYS IS OFFICIALLY 258,700 SHORT TONS.

2. ADMINISTRATION OMNIBUS DISPOSAL BILL (H.R. 7153) PRO-
VIDES FOR RELEASE OF 258,700 ST OF COPPER AND COPPER ALLOYS.
PASTORE BILL (S. 2316) PROVIDES FOR RELEASE OF 251,600 ST
OF COPPER (EXCLUDING 7,100 ST OF BERYLLIUM COPPER MASTER
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ALLOY). BOTH BILLS REQUIRE THAT GSA GIVE QUOTE DUE REGARD

UNQUOTE TO PROTECTION OF US AGAINST AVOIDABLE LOSS AND OF DISRUPTIONS. OMNIBUS BILL IS STILL AWAITING INITIAL COMMITTEE CONSIDERATION. PASTORE BILL HAS CLEARED SENATE AND IS NOW BEFORE HOUSE COMMITTEE.

3. OF AMOUNT WHICH WOULD BE AUTHORIZED FOR DISPOSAL, GSA

HAS INDICATED IT WILL TRANSFER 80,000 ST TO US MINT. US MINT IS PRESENTLY EXPLORING POSSIBILITY OF EXCHANGING COPPER CATHODES WHICH IT RECEIVES FROM GSA FOR ELECTROLYTIC WIREBARS FROM DOMESTIC PRODUCERS.

4. RATE AT WHICH GSA WOULD RELEASE REMAINING DISPOSAL AMOUNT IS UNCERTAIN. GSA HAS INDICATED IT COULD SELL COPPER AT RATE AS HIGH AS 50,000 ST PER MONTH. GSA RELEASURES MAY TAKE PLACE AT MUCH SLOWER RATE DEPENDING ON DISPOSAL QUANTITIES AUTHORIZED AND FIRMNESS OF COPPER MARKET.

5. DISPOSAL BILLS DO NOT REQUIRE COPPER TO BE USED DOMESTICALLY. HOWEVER, EXPORT CONTROL BILL (H.R. 10733) WAS INTRODUCED OCT 3 AND IS STILL IN HOUSE COMMITTEE. IT PROVIDES FOR EXPORT CONTROLS ON COPPER AND COPPER SCRAP DURING ANY YEAR IN WHICH STOCKPILE SALES ARE MADE, AND DURING ANY PERIOD OF PRICE CONTROLS WHEN WORLD PRICE SIGNIFICANTLY EXCEEDS DOMESTIC PRICE.

6. GSA INTENDS TO SELL STOCKPILE COPPER BY SEALED BID FOR DOMESTIC CONSUMPTION ONLY, IRRESPECTIVE OF WHETHER THERE IS SPECIFIC LANGUAGE IN AUTHORIZING LEGISLATION DIRECTING IT TO DO SO.

7. SHOULD FINAL LEGISLATION BE APPROVED BY CONGRESS AND SHOULD GSA PROPOSE SALE OF COPPER ON OPEN MARKET, DEPARTMENT WILL INITIATE DISPOSAL CONSULTATIONS WITH MAJOR PRODUCER COUNTRIES.

8. RE PARA 2 REFTTEL, EMBASSY PARIS SHOULD ADVISE PERUVIAN REPRESENTATIVE THAT THIS MATTER IS BEING HANDLED DIRECTLY WITH GOP. KISSINGER

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